

Honolulu, Hawaii

FEB 13 2014

RE: S.B. No. 2496  
S.D. 1

Honorable Donna Mercado Kim  
President of the Senate  
Twenty-Seventh State Legislature  
Regular Session of 2014  
State of Hawaii

Madam:

Your Committees on Health and Commerce and Consumer  
Protection, to which was referred S.B. No. 2496 entitled:

"A BILL FOR AN ACT RELATING TO TOBACCO PRODUCTS,"

beg leave to report as follows:

The purpose and intent of this measure is to:

- (1) Impose an excise tax equal to eight-five percent of the wholesale price of any tobacco product, other than large cigars, sold by a wholesaler or dealer on and after January 1, 2015, whether or not sold at wholesale, or if not sold then at the same rate upon the use by the wholesaler or dealer;
- (2) Require any increase in the excise tax rate imposed on cigarettes or little cigars on or after January 1, 2015, to trigger an automatic excise tax increase on other tobacco products on or after January 1, 2015; and
- (3) Require the additional monies collected under the excise tax to be deposited to the credit of the Hawaii cancer research special fund.

Your Committees received testimony in support of this measure from the Department of Health, Hawaii Primary Care Association, University of Hawaii System, American Lung Association, American Cancer Society, Coalition for a Tobacco-Free Hawaii, and several individuals. Your Committees received testimony in opposition to



this measure from the Hawaii Smokers Alliance and one individual. Your Committees received comments on this measure from the Department of Taxation and Tax Foundation of Hawaii.

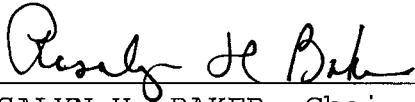
Your Committees find that the tax on other tobacco products is currently lower than the tax on cigarettes, even though they are similarly addictive and dangerous, and are concerned that consumers may be more likely to purchase tobacco products as the price of cigarettes increases without a comparable increase in the price of tobacco products. Your Committees further find that other tobacco products present significant health risks leading to cancer, heart disease, respiratory illnesses, and other serious diseases.

Your Committees have amended this measure by:

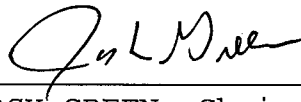
- (1) Inserting an effective date of January 1, 2050, to encourage further discussion; and
- (2) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the records of votes of the members of your Committees on Health and Commerce and Consumer Protection that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2496, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 2496, S.D. 1, and be referred to the Committee on Ways and Means.

Respectfully submitted on  
behalf of the members of the  
Committees on Health and  
Commerce and Consumer  
Protection,



ROSALYN H. BAKER, Chair



JOSH GREEN, Chair



**Record of Votes  
Committee on Health  
HTH**

\*Only one measure per Record of Votes

The Senate  
Twenty-Seventh Legislature  
State of Hawai'i

**Record of Votes**  
**Committee on Commerce and Consumer Protection**  
**CPN**

Bill / Resolution No.:* <b>SB 2496</b>	Committee Referral: <b>HTH/CPN, WAM</b>	Date: <b>2/10/14</b>		
<input type="checkbox"/> The committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <div style="display: flex; justify-content: space-between; align-items: flex-start;"> <div style="text-align: center;"><input type="checkbox"/> Pass, unamended 2312</div> <div style="text-align: center;"><input checked="" type="checkbox"/> Pass, with amendments 2311</div> <div style="text-align: center;"><input type="checkbox"/> Hold 2310</div> <div style="text-align: center;"><input type="checkbox"/> Recommit 2313</div> </div>				
Members	Aye	Aye (WR)	Nay	Excused
BAKER, Rosalyn H. (C)	✓			
TANIGUCHI, Brian T. (VC)	✓			
NISHIHARA, Clarence K.	✓			
WAKAI, Glenn				✓
SLOM, Sam				✓
<b>TOTAL</b>	<b>3</b>	<b>0</b>	<b>0</b>	<b>2</b>
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature:				
<div style="display: flex; justify-content: space-between; font-size: small;"> <div>Distribution: Original File with Committee Report</div> <div>Yellow Clerk's Office</div> <div>Pink Drafting Agency</div> <div>Goldenrod Committee File Copy</div> </div>				

\*Only one measure per Record of Votes